

**week 3 reading (Core Competence: What does it mean in practice? – Mansour Javidan)**

\* This article takes a different approach (not the traditional one) and argues that organisations need to start thinking about and analysing themselves first (internally), and then evaluate their competitors and the external environment (= inside-out view).

\* Main problems with today's definition of core competencies: (1) too narrow; only focuses on a limited aspect of the organisation's value chain, and (2) confusion; difficult for an organisation to embark on a process of identifying and exploiting its competencies.

\* Competencies Hierarchy: starts at bottom end with 'Resources' ( building blocks of competencies; including physical, human and organisational assets), then 'Capabilities' (organisational ability to exploit resources; going from input to output), then 'Competencies' (cross-functional integration and coordination of capabilities), and finally to 'Core Competencies' (skills and knowledge areas shared across the business units; this collection requires collective organisational learning, involvement and integration. Core competencies are key – they maximise the strategic intent (eg: Honda and the resources they used to build their engines = allowed them to gain a competitive superiority).

\* Identifying the organisation's capabilities, competencies and core competencies.....

(1) What organisations do well needs to be kept being done well – but never 'stand still' otherwise competitors will catch up and you'll lose your advantage; continue thinking.

(2) Deciding whether what the company does well is a capability, competency or core competency (this helps increase the value to the organisation = more knowledge).

(3) Discuss the organisations capabilities and competencies in the context of the industry – need to link these to the competitive advantage, and prevent too much introspection.

(4) Distinguishing and linking 2 critical concepts together (competitive advantage and core competencies = so to build a successful competitive strategy).

(5) Durability – using important capabilities or competencies to create competitive advantages for the organisation (and putting pressure on your industry competitors).

(6) Changes in the industry = dynamic view (integrating processes with the organisations strategic planning by linking the external and internal analysis results).

(7) Considering industry changes – which competency or capability will be obsolete, irrelevant, sustained and/or improved? (how can we improve the existing resources?).

(8) Where to next for the organisation – needs to carefully and strategically connect their competencies with the strategic planning process.

\* Conclusion:

(1) All organisations could benefit from internal analysis of their resources, capabilities or competencies (need to incorporate resources into their strategic planning process).

(2) Important to understand the organisations processes and concepts, otherwise their resources and time will be

#### LITTLE NOTABLES EXCLUSIVE – ALI THAIR

wasted.

(3) The inside-out approach must be made a key part of strategic planning because it offers important input in the organisations attempt at matching external environment opportunities with internal resources.

(4) Participation is very important = increases information quality, discussion, learning, workplace communication, learning, and allows for better decision making and execution.